



5929 Balcones Drive, Suite 200
Austin, TX 78731-4280
Phone: 512.343.2544
Fax: 512.343.0119

REDACTED - FOR PUBLIC INSPECTION

VIA OVERNIGHT DELIVERY

June 27, 2014

Ms. Marlene H. Dortch, Secretary
Federal Communications Commission
Office of the Secretary
445 12th Street, S.W.
Washington, D.C. 20554

Received & Inspected
JUL 01 2014
FCC Mail Room

RE: **REQUEST FOR CONFIDENTIAL TREATMENT** - *Connect America Fund*, WC Docket No. 10-90;
Lifeline and Link Up Reform and Modernization, WC Docket No. 11-42

Request that Information Submitted to the Commission be Withheld from Public Inspection Pursuant to 47 C.F.R. §0.459 and 5 U.S.C. §552(b)(4): Five-Year Service Quality Improvement Plan included in FCC Form 481

Confidential Financial Information - Subject to Protective Order in WC Docket Nos. 10-90, 07-135, 05-337, 03-109, CC Docket Nos. 01-92, 96-45, GN Docket No. 09-51, WT Docket No. 10-208, Before the Federal Communications Commission

Dear Ms. Dortch:

In accordance with the annual reporting requirements of 47 C.F.R. §§54.313 and 54.422, San Carlos Apache Telecommunications Utility, Inc. ("SCATUI" or "the Company"), Study Area Code 452169, is submitting a completed FCC Form 481 to the Commission via its Electronic Comment Filing System (ECFS) in WC Docket Nos. 10-90 and 11-42. The Company, by its authorized representative, hereby requests confidential treatment of two attachments to its FCC Form 481: (1) the five-year service quality improvement plan and (2) the financial annual report, both of which were redacted in the ECFS submission. The request for confidential treatment of the five-year plan is being made pursuant to section 0.459 of the Commission's rules and Exemption 4 of the Freedom of Information Act (FOIA). The request for confidential treatment of the financial annual report is being made pursuant to the FCC's November 16, 2012 *Protective Order* in WC Docket No. 10-90 *et al.* These attachments contain competitively sensitive data that SCATUI maintains as confidential and does not normally make available to the public. Release of this information would have a substantial negative impact on the Company.

No. of Copies rec'd 0+1
List ABCDE

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Five-Year Service Quality Improvement Plan

Pursuant to section 0.459 of the Commission's rules and Exemption 4 of FOIA, SCATUI requests that the text and data extracted from its five-year service quality improvement plan be withheld from public inspection because it contains competitively sensitive commercial and financial information that the Company keeps confidential. Public availability of this information would have a substantial negative impact on the Company.

In accordance with section 0.459 of the Commission's rules, the following information is provided in support of this request:

(1) Identification of the specific information for which confidential treatment is sought:

Attachment to Line 112 of FCC Form 481 - Five-Year Service Quality Improvement Plan. Specifically, confidential treatment is sought for all information in the five-year plan related to the Company's access line counts, existing broadband capabilities, and its network investment plans through 2019 that will improve service quality for its customers.

(2) Identification of the Commission proceeding in which the information was submitted or a description of the circumstances giving rise to the submission:

The information was submitted in WC Docket Nos. 10-90 and 11-42 as an attachment to FCC Form 481- the Carrier Annual Reporting Data Collection Form. Section 100 of FCC Form 481 requires incumbent local exchange carriers receiving high cost support to attach a five-year service quality improvement plan, pursuant to 47 C.F.R. §§54.202(a)(1)(ii) and 54.313(a)(1).

(3) Explanation of the degree to which the information is commercial or financial, or contains a trade secret or is privileged:

The five-year service quality improvement plan contains granular information on the Company's access line counts and existing broadband capabilities as well as detailed plans for financial investments in its network through 2019 to improve service to subscribers. This is closely guarded, privileged information that the Company does not make publicly available.

(4) Explanation of the degree to which the information concerns a service that is subject to competition:

Broadband is subject to increasing competition in the areas served by rural, rate-of-return incumbent local exchange carriers (RLECs). Virtually all RLECs face competition from one or more wireless Internet service providers. Most RLECs also face competition from at least one other wireline broadband provider such as a larger cable company, who will typically seek to "cherry pick" the lower cost portions of the study area. In addition, all RLECs face competition throughout their territories from satellite broadband providers.

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(5) Explanation of how disclosure of the information could result in substantial competitive harm:

Disclosure of the information contained in the five-year plan would provide competitors with detailed, granular information regarding the Company's access line count, its existing broadband capabilities, and its strategic plans for network investments. This would give competitors invaluable confidential information with which to develop their own strategies for investing in the service area, thereby bringing substantial competitive harm to the Company.

(6) Identification of any measures taken by the submitting party to prevent unauthorized disclosure:

The Company has continually treated the extracted information in its five-year plan as confidential and carefully controls the information to protect it from competitors. Access to the information is limited to employees that require it and to non-employees with confidentiality obligations such as lenders, consultants, auditors, and attorneys. In addition, when such information is required to be submitted to a state regulatory authority it has been filed as confidential information, not available to the public.

(7) Identification of whether the information is available to the public and the extent of any previous disclosure of the information to third parties:

The redacted information in the five-year plan is not available to the public, and third party access is limited as described in (6) above.

(8) Justification of the period during which the submitting party asserts that material should not be available for public disclosure:

The Company requests that the extracted information be withheld from public inspection indefinitely. Although the information reflects the Company's service improvement plans for a five year period, it would provide a very useful baseline for competitors for several years beyond that period.

(9) Any other information that the party seeking confidential information treatment believes may be useful in assessing whether its request for confidentiality should be granted:

Exemption 4 of FOIA shields from public disclosure commercial or financial information obtained from a person that is privileged or confidential. Based on the responses provided above, the information in question satisfies this test.

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Financial Annual Report

Section 3005 of FCC Form 481 requires a privately-held rate-of-return carrier receiving high cost support to attach a full and complete annual report of the company's financial condition and operations pursuant to 47 C.F.R. §54.313(f)(2). SCATUI seeks confidential treatment of its financial annual report pursuant to the November 16, 2012 *Protective Order* in WC Docket No. 10-90, *et al.*¹ The *Protective Order* specifically covers information filed pursuant to 47 C.F.R. §54.313(f)(2).

SCATUI is providing to the Office of the Secretary, under seal, this cover letter and the Form 481 filing which includes the confidential information that is being requested to be withheld from public inspection.

Each page of the five-year service quality improvement plan confidential submission bears the legend, "CONFIDENTIAL - NOT FOR PUBLIC DISCLOSURE."

Each page of the financial annual report confidential submission bears the legend, "CONFIDENTIAL FINANCIAL INFORMATION - SUBJECT TO PROTECTIVE ORDER IN WC DOCKET NOS. 10-90, 07-135, 05-337, 03-109, CC DOCKET NOS. 01-92, 96-45, GN DOCKET NO. 09-51, WT DOCKET NO. 10-208, BEFORE THE FEDERAL COMMUNICATIONS COMMISSION."

Two copies of the Form 481 filing in redacted form and an accompanying cover letter are also being provided with the confidential filing. Each page of the redacted filing and accompanying cover letter is marked "REDACTED - FOR PUBLIC INSPECTION."

Two copies of this cover letter and the Form 481 filing with the confidential information are also being delivered to Mr. Charles Tyler, Telecommunications Access Policy Division, Wireline Competition Bureau.

The confidential information has also been submitted to the Universal Service Administrative Company through its E-File system as an attachment to the FCC Form 481.

¹ *Connect America Fund et al.*, WC Docket No. 10-90 *et al.*, *Protective Order*, DA 12-1857 (rel. Nov. 16, 2012).



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This cover letter includes no confidential information and the text is the same in both the non-redacted and redacted versions except for the confidentiality markings.

Please contact me if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Stuart Polikoff".

Stuart Polikoff
Authorized Representative for
San Carlos Apache Telecommunications Utility, Inc.

SEP/pjf

Enclosures

cc: Mr. Charles Tyler, Telecommunications Access Policy Division, Wireline Competition Bureau,
Federal Communications Commission, (2 hardcopies of non-redacted submission)

Ms. Shirley Ortiz, San Carlos Apache Telecommunications Utility, Inc.

<010>	Study Area Code	452169
<015>	Study Area Name	SAN CARLOS APACHE
<020>	Program Year	2015
<030>	Contact Name: Person USAC should contact with questions about this data	Shirley Ortiz
<035>	Contact Telephone Number: Number of the person identified in data line <030>	9284752433 ext.
<039>	Contact Email Address: Email of the person identified in data line <030>	shirley.ortiz@scatui.com

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ANNUAL REPORTING DETAIL CARRIERS

		(check box when complete)	
		Required	Optional
<100>	Service Quality Improvement Reporting (complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<200>	Outage Reporting (voice) (complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<210>	<input checked="" type="checkbox"/> <-- check box if no outages to report	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<300>	Unfulfilled Service Requests (voice) 11 452169az310.pdf	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<310>	Detail on Attempts (voice) (attach descriptive document)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<320>	Unfulfilled Service Requests (broadband) 7 452169az330.pdf	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<330>	Detail on Attempts (broadband) (attach descriptive document)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<400>	Number of Complaints per 1,000 customers (voice)		
<410>	Fixed 0.0	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<420>	Mobile 0.0	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<430>	Number of Complaints per 1,000 customers (broadband)		
<440>	Fixed 0.0	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<450>	Mobile 0.0	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<500>	Service Quality Standards & Consumer Protection Rules Compliance (check to indicate certification)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<510>	452169az510.pdf (attached descriptive document)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<600>	Functionality in Emergency Situations (check to indicate certification)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<610>	452169az610.pdf (attached descriptive document)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<700>	Company Price Offerings (voice) (complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<710>	Company Price Offerings (broadband) (complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<800>	Operating Companies and Affiliates (complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<900>	Tribal Land Offerings (Y/N)? (if yes, complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<1000>	Voice Services Rate Comparability (check to indicate certification)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<1010>	452169az1010.pdf (attach descriptive document)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<1100>	Terrestrial Backhaul (Y/N)? (if not, check to indicate certification)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<1110>	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<1200>	Terms and Condition for Lifeline Customers (complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Price Cap Carriers, Proceed to Price Cap Additional Documentation Worksheet

Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers

<2000>	(check to indicate certification)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<2005>	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Rate of Return Carriers, Proceed to ROR Additional Documentation Worksheet

<3000>	(check to indicate certification)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<3005>	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

**(100) Service Quality Improvement Reporting
Data Collection Form**

 FCC Form 481
 OMB Control No. 3060-0986/OMB Control No. 3060-0819
 July 2013

<010>	Study Area Code	452169
<015>	Study Area Name	SAN CARLOS APACHE
<020>	Program Year	2015
<030>	Contact Name - Person USAC should contact regarding this data	Shirley Ortiz
<035>	Contact Telephone Number - Number of person identified in data line <030>	9284752433 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	shirley.ortiz@scatui.com

<110>	Has your company received its ETC certification from the FCC?	(yes / no)	<input checked="" type="radio"/> <input type="radio"/>
<111>	If your answer to Line <110> is yes, do you have an existing §54.202(a) "5 year plan" filed with the FCC?	(yes / no)	<input type="radio"/> <input checked="" type="radio"/>

If your answer to Line <111> is yes, then you are required to file a progress report, on line <112> delineating the status of your company's existing § 54.202(a) "5 year plan" on file with the FCC, as it relates to your provision of voice telephony service.

<112> Attach Five-Year Service Quality Improvement Plan or, in subsequent years, your annual progress report filed pursuant to 47 C.F.R. § 54.313(a)(1). If your company is a CETC which only receives frozen support, your progress report is only required to address voice telephony service.

452169az112.pdf

Name of Attached Document

Please check these boxes below to confirm that the attached document(s), on line 112, contains a progress report on its five-year service quality improvement plan pursuant to § 54.202(a). The information shall be submitted at the wire center level or census block as appropriate.

<113>	Maps detailing progress towards meeting plan targets	<input type="checkbox"/>
<114>	Report how much universal service (USF) support was received	<input type="checkbox"/>
<115>	How (USF) was used to improve service quality	<input type="checkbox"/>
<116>	How (USF) was used to improve service coverage	<input type="checkbox"/>
<117>	How (USF) was used to improve service capacity	<input type="checkbox"/>
<118>	Provide an explanation of network improvement targets not met in the prior calendar year.	<input type="checkbox"/>

**(200) Service Outage Reporting (Voice)
Data Collection Form**

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

<010>	Study Area Code	452169
<015>	Study Area Name	SAN CARLOS APACHE
<020>	Program Year	2015
<030>	Contact Name - Person USAC should contact regarding this data	Shirley Ortiz
<035>	Contact Telephone Number - Number of person identified in data line <030>	9284752433 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	shirley.ortiz@scatui.com

[illegible]

<703>

9284752433 ext.
shirley.ortiz@scatui.com

15.0

[illegible]

<u>Study Area Code</u>	<u>Study Area Name</u>	<u>Program</u>
1	1	1
2	2	2
3	3	3
4	4	4
5	5	5
6	6	6
7	7	7
8	8	8
9	9	9
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100	100	100

(7D) FREEDOM PRESS, INC.
2001 COLLEGE BLVD.
ANN ARBOR MI 48106

<010>	Study Area Code	452169
<015>	Study Area Name	SAN CARLOS APACHE
<020>	Program Year	2015
<030>	Contact Name - Person USAC should contact regarding this data	Shirley Ortiz
<035>	Contact Telephone Number - Number of person identified in data line <030>	9284752433 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	shirley.ortiz@scatui.com

<711>

[illegible]



<010>	Study Area Code	452169
<015>	Study Area Name	SAN CARLOS APACHE
<020>	Program Year	2015
<030>	Contact Name - Person USAC should contact regarding this data	Shirley Ortiz
<035>	Contact Telephone Number - Number of person identified in data line <030>	9284752433 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	shirley.ortiz@scatui.com

<910> Tribal Land(s) on which ETC Serves

San Carlos Apache Reservation

<920> Tribal Government Engagement Obligation

452169az920.pdf

Name of Attached Document

If your company serves Tribal lands, please select (Yes, No, NA) for each these boxes to confirm the status described on the attached document(s), on line 920, demonstrates coordination with the Tribal government pursuant to § 54.313(a)(9) includes:

<921>	Needs assessment and deployment planning with a focus on Tribal community anchor institutions.
<922>	Feasibility and sustainability planning;
<923>	Marketing services in a culturally sensitive manner;
<924>	Compliance with Rights of way processes
<925>	Compliance with Land Use permitting requirements
<926>	Compliance with Facilities Siting rules
<927>	Compliance with Environmental Review processes
<928>	Compliance with Cultural Preservation review processes
<929>	Compliance with Tribal Business and Licensing requirements.

Select (Yes, No, NA)
Yes
Yes
Yes
Yes
Yes
Yes
Yes
Yes
Yes



<010>	Study Area Code	452169
<015>	Study Area Name	SAN CARLOS APACHE
<020>	Program Year	2015
<030>	Contact Name - Person USAC should contact regarding this data	Shirley Ortiz
<035>	Contact Telephone Number - Number of person identified in data line <030>	9284752433 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	shirley.ortiz@scatui.com

Please check this box to confirm no terrestrial backhaul
 <1120> options exist within the supported area pursuant to § 54.313(G) ☐

Please check this box to confirm the reporting carrier offers
 <1130> broadband service of at least 1 Mbps downstream and 256 kbps
 upstream within the supported area pursuant to § 54.313(G) ☐

Study Area Code	452169
Study Area Name	SAN CARLOS APACHE
Program Year	2015
Contact Name - Person USAC should contact regarding this data	Shirley Ortiz
Contact Telephone Number - Number of person identified in data line <030>	9284752433 ext.
Contact Email Address - Email Address of person identified in data line <030>	shirley.ortiz@scatui.com

<1210> Terms & Conditions of Voice Telephony Lifeline Plans

452169az1210.pdf

Name of Attached Document

<1220> Link to Public Website

HTTP

"Please check these boxes below to confirm that the attached document(s), on line 1210, or the website listed, on line 1220, contains the required information pursuant to § 54.422(a)(2) annual reporting for ETCs receiving low-income support, carriers must annually report:

<1221> Information describing the terms and conditions of any voice telephony service plans offered to Lifeline subscribers,



<1222> Details on the number of minutes provided as part of the plan,



<1223> Additional charges for toll calls, and rates for each such plan.



2019 Price Cap Carrier Reporting Information	File Name: 2019 Price Cap Carrier Reporting Information
File Path: \\server\shared\2019 Price Cap Carrier Reporting Information	File Size: 100 KB

<010>	Study Area Code	452169
<015>	Study Area Name	SAN CARLOS APACHE
<020>	Program Year	2015
<030>	Contact Name - Person USAC should contact regarding this data	Shirley Ortiz
<035>	Contact Telephone Number - Number of person identified in data line <030>	9284752433 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	shirley.ortiz@scatui.com

CHECK the boxes below to note compliance as a recipient of Incremental Connect America Phase I support, frozen High Cost support, High Cost support to offset access charge reductions, and Connect America Phase II support as set forth in 47 CFR § 54.313(b),(c),(d),(e) the information reported on this form and in the documents attached below is accurate.

Incremental Connect America Phase I reporting		
<2010>	2nd Year Certification (47 CFR § 54.313(b)(1))	<input type="checkbox"/>
<2011>	3rd Year Certification (47 CFR § 54.313(b)(2))	<input type="checkbox"/>
Price Cap Carrier Receiving Frozen Support Certification (47 CFR § 54.312(a))		
<2012>	2013 Frozen Support Certification	<input type="checkbox"/>
<2013>	2014 Frozen Support Certification	<input type="checkbox"/>
<2014>	2015 Frozen Support Certification	<input type="checkbox"/>
<2015>	2016 and future Frozen Support Certification	<input type="checkbox"/>
Price Cap Carrier Connect America ICC Support (47 CFR § 54.313(d))		
<2016>	Certification Support Used to Build Broadband	<input type="checkbox"/>
Connect America Phase II Reporting (47 CFR § 54.313(e))		
<2017>	3rd year Broadband Service Certification	<input type="checkbox"/>
<2018>	5th year Broadband Service Certification	<input type="checkbox"/>
<2019>	Interim Progress Certification	<input type="checkbox"/>
<2020>	Please check the box to confirm that the attached document(s), on line 2021, contains the required information pursuant to § 54.313 (e)(3)(ii), as a recipient of CAF Phase II support shall provide the number, names, and addresses of community anchor institutions to which began providing access to broadband service in the preceding calendar year.	<input type="checkbox"/>
<2021>	Interim Progress Community Anchor Institutions	

Name of Attached Document Listing Required Information

2009 RUS Annual Report Additional Documentation

Data Collector: 8/2/09

RUS Form 100

OMB Control No. 3045-0046/Date Issued: 08/01/05

Rev. 03/06

<010>	Study Area Code	452169
<015>	Study Area Name	SAN CARLOS APACHE
<020>	Program Year	2015
<030>	Contact Name - Person USAC should contact regarding this data	Shirley Ortiz
<035>	Contact Telephone Number - Number of person identified in data line <030>	9284752433 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	shirley.ortiz@scatui.com

CHECK the boxes below to note compliance on its five year service quality plan (pursuant to 47 CFR § 54.202(a)) and, for privately held carriers, ensuring compliance with the financial reporting requirements set forth in 47 CFR § 54.313(f)(2). I further certify that the information reported on this form and in the documents attached below is accurate.

- (3010) Progress Report on 5 Year Plan
Milestone Certification (47 CFR § 54.313(f)(1)(i))

Name of Attached Document Listing Required Information

- (3011) Please check this box to confirm that the attached document(s), on line 3012 contains the required information pursuant to § 54.313 (f)(1)(ii), the carrier shall provide the number, names, and addresses of community anchor institutions to which began providing access to broadband service in the preceding calendar year.

☐

- (3012) Community Anchor Institutions (47 CFR § 54.313(f)(1)(ii))

Name of Attached Document Listing Required Information

- (3013) Is your company a Privately Held ROR Carrier (47 CFR § 54.313(f)(2))
(3014) If yes, does your company file the RUS annual report

(Yes/No)
(Yes/No)

☒ ☒

Please check these boxes to confirm that the attached document(s), on line 3017, contains the required information pursuant to § 54.313(f)(2) compliance requires:

- (3015) Electronic copy of their annual RUS reports (Operating Report for Telecommunications Borrowers)
(3016) Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows

☒ ☒

- (3017) If the response is yes on line 3014, attach your company's RUS annual report and all required documentation

452169az3017.pdf

Name of Attached Document Listing Required Information

- (3018) If the response is no on line 3014, is your company audited?

(Yes/No)

☒ ☒

If the response is yes on line 3018, please check the boxes below to confirm your submission, on line 3026 pursuant to § 54.313(f)(2), contains

- (3019) Either a copy of their audited financial statement; or (2) a financial report in a format comparable to RUS Operating Report for Telecommunications

☐

- (3020) Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows

☐

- (3021) Management letter issued by the independent certified public accountant that performed the company's financial audit.

☐

If the response is no on line 3018, please check the boxes below to confirm your submission, on line 3026 pursuant to § 54.313(f)(2), contains:

- (3022) Copy of their financial statement which has been subject to review by an independent certified public accountant; or (2) a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers,

☐

- (3023) Underlying information subjected to a review by an independent certified public accountant

☐

...tion subjected to an officer certification.

☐

... Income Statement and Statement of Cash Flows

☐



<010>	Study Area Code	452169
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<039>	Contact Email Address - Email Address of person identified in data line <030>	shirley.ortiz@scatui.com

TO BE COMPLETED BY THE REPORTING CARRIER, IF THE REPORTING CARRIER IS FILING ANNUAL REPORTING ON ITS OWN BEHALF:

Certification of Officer as to the Accuracy of the Data Reported for the Annual Reporting for CAF or LI Recipients	
I certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual reporting requirements for universal service support recipients; and, to the best of my knowledge, the information reported on this form and in any attachments is accurate.	
Name of Reporting Carrier:	
Signature of Authorized Officer:	Date
Printed name of Authorized Officer:	
Title or position of Authorized Officer:	
Telephone number of Authorized Officer: ext.	
Study Area Code of Reporting Carrier:	Filing Due Date for this form:
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	



<010> Study Area Code	452169
<015> Study Area Name	SAN CARLOS APACHE
<020> Program Year	2015
<030> Contact Name - Person USAC should contact regarding this data	Shirley Ortiz
<035> Contact Telephone Number - Number of person identified in data line <030>	9284752433 ext.
<039> Contact Email Address - Email Address of person identified in data line <030>	shirley.ortiz@scatui.com

TO BE COMPLETED BY THE REPORTING CARRIER, IF AN AGENT IS FILING ANNUAL REPORTS ON THE CARRIER'S BEHALF:

Certification of Officer to Authorize an Agent to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I certify that (Name of Agent) <u>Stuart Polikoff</u> is authorized to submit the information reported on behalf of the reporting carrier. I also certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual data reporting requirements provided to the authorized agent; and, to the best of my knowledge, the reports and data provided to the authorized agent is accurate.	
Name of Authorized Agent:	Stuart Polikoff
Name of Reporting Carrier:	SAN CARLOS APACHE
Signature of Authorized Officer:	CERTIFIED ONLINE Date: 06/27/2014
Printed name of Authorized Officer:	Shirley Ortiz
Title or position of Authorized Officer:	CEO/General Manager
Telephone number of Authorized Officer:	9284757058 ext.
Study Area Code of Reporting Carrier:	452169 Filing Due Date for this form: 07/01/2014
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

TO BE COMPLETED BY THE AUTHORIZED AGENT:

Certification of Agent Authorized to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I, as agent for the reporting carrier, certify that I am authorized to submit the annual reports for universal service support recipients on behalf of the reporting carrier; I have provided the data reported herein based on data provided by the reporting carrier; and, to the best of my knowledge, the information reported herein is accurate.	
Name of Reporting Carrier:	SAN CARLOS APACHE
Name of Authorized Agent or Employee of Agent:	Stuart Polikoff
Signature of Authorized Agent or Employee of Agent:	CERTIFIED ONLINE Date: 06/27/2014
Printed name of Authorized Agent or Employee of Agent:	Stuart Polikoff
Title or position of Authorized Agent or Employee of Agent:	Senior Director - Business Compliance
Telephone number of Authorized Agent or Employee of Agent:	5126527730 ext.
Study Area Code of Reporting Carrier:	452169 Filing Due Date for this form: 07/01/2014
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

Attachments

<703>

[illegible]

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

— *Journal of the American Medical Association*, 1997

<010>	Study Area Code	452169
<015>	Study Area Name	SAN CARLOS APACHE
<020>	Program Year	2015
<030>	Contact Name - Person USAC should contact regarding this data	Shirley Ortiz
<035>	Contact Telephone Number - Number of person identified in data line <030>	9284752433 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	shirley.ortiz@ecatui.com

<711>

[illegible]

LINE 112 – FIVE-YEAR SERVICE QUALITY IMPROVEMENT PLAN

San Carlos Apache Telecommunications Utility, Inc. (“SCATUI” or “the Company”) herein submits this carefully developed five-year service quality improvement plan. In accordance with 47 C.F.R. §54.202(a)(1)(ii), the plan describes with specificity proposed improvements or upgrades to the Company’s network for the years 2015 through 2019.

OVERVIEW

SCATUI is a tribally owned rate-of-return rural incumbent local exchange carrier (“ILEC”) that serves the San Carlos Apache Reservation in portions of three counties in eastern Arizona. The Company serves one exchange, San Carlos, with one wire center, Peridot. SCATUI is not subject to the jurisdiction of a state regulatory authority and was designated an eligible telecommunications carrier (“ETC”) by the Federal Communications Commission (“FCC”) in 1998.

SCATUI’s service area is approximately 2,927 square miles with a population of approximately 10,000 and a population density of approximately three persons per square mile. The average median annual household income for the service area is estimated at approximately \$27,000 with a per capita yearly income around \$10,222.

SCATUI acquired its service area from U.S. West in 1998. Since that time, the company has grown from [REDACTED] customers to over [REDACTED] residential and business customers in 2014. Despite the remote area and mountainous topography, and the geographically-scattered housing developments that comprise the service area, SCATUI continues to provide quality basic and advanced services to its customers on the reservation. Since 2006, SCATUI has made approximately [REDACTED] in capital investments and network improvements. These investments and improvements include the completion of a major fiber project that brought fiber to the premise (“FTTP”) to some of its customers, replacing existing copper and deploying it in new areas as they were being developed.

This document contains descriptions of SCATUI’s proposed network improvements for each the next five years. Detailed expenditures on an exchange and wire center basis are contained in the attached spreadsheets. Area and population estimates impacted by the improvements are also identified in the spreadsheets. Where appropriate, costs are broken out by voice and broadband service. Otherwise, costs represent network improvements common to both services.

- Network improvement expenditures identify the cost to provide those services supported by the universal service funding mechanisms. When a project involves expenditures for both regulated and non-regulated services, the non-regulated investment costs have been removed. The Company estimates non-regulated costs using the appropriate allocation rules. Details of those costs are retained by the Company and available for inspection.
- Costs are reported only for those service areas in which the Company is authorized to receive Universal Service Fund (“USF”) support. Costs incurred outside the authorized area, if any, are excluded.

Due to the uncertainty of the amount of USF support the company may receive in future years, SCATUI cautions that specific network improvement projects and service goals may be modified to accommodate the actual amount of support that will be received.

BASELINE INFORMATION

2013

At the end of December 2013, SCATUI was providing voice service to [REDACTED] access lines and providing digital subscriber line (DSL) broadband service to [REDACTED] customers. In addition, SCATUI had [REDACTED] customers taking advantage of the Lifeline Program for discounted telephone service for low-income subscribers at the end of 2013.

SCATUI received a total of \$3,243,703 in high-cost universal service support during calendar year 2013. The support amounts from the various support mechanisms were:

- High Cost Loop Support: \$1,607,191
- Interstate Common Line Support: \$1,056,732
- Connect America Fund Inter-carrier Compensation Support: \$ 522,324
- Safety Net Additive: \$ 57,456

During 2013, SCATUI used substantial funds to maintain, upgrade and improve the Company's network and to improve voice and broadband services to customers throughout its service area. In addition, SCATUI has made necessary investments in its network in order to: (1) respond to its customers' reasonable requests for service at new locations, (2) replace plant as needed to maintain the overall quality of voice and broadband services, and (3) enhance switching capabilities to meet regulatory requirements and customers' demands for service.

2014

During 2014, SCATUI will [REDACTED]

[REDACTED] By the end of 2014, SCATUI believes that its network will be capable of providing broadband service at speeds of 4 Mbps downstream / 1 Mbps upstream to its existing customers where it is reasonable to do so.

DESCRIPTION OF IMPROVEMENT PLAN BY YEAR (2015- 019)

SCATUI's five-year service quality improvement plan is designed to identify multiple capital investment projects that are necessary to meet or exceed the FCC's broadband public interest obligation of 4 Mbps downstream / 1 Mbps upstream throughout the service area while improving the quality and reliability of its voice and broadband services. A description of these projects is included below for each year of the plan.

2015



2016



2017



2018



2019



SCATUI NETWORK IMPROVEMENT PROJECTS 2015

EXCHANGE / WIRE CENTER	DESCRIPTION of IMPROVEMENT	COST	REGULATED %	AMOUNT IN USE	AMOUNT OF USE USED FOR VOICE /	SQUARE AREA	TOTAL POP.	TARGET FINISH	ACTUAL Finish	Notes
		ESTIMATE	ALLOCATION	SUPPORT	BROADBAND BUILDOUT	IMPACTED	IMPACTED	DATE	DATE	
A	B	C	D	E=C*D	G=F	***	***	***	***	
San Carlos / Peridot										
	TOTALS									

NOTES

SCATUI NETWORK IMPROVEMENT PROJECTS 2016

EXCHANGE / WIRE CENTER	DESCRIPTION of IMPROVEMENT	COST	REGULATED %	AMOUNT IN USF	AMOUNT OF USF USED FOR VOICE / BROADBAND BUILDOUT	SQUARE AREA IMPACTED	TOTAL POP. IMPACTED	TARGET FINISH DATE	ACTUAL Finish DATE	Notes
		ESTIMATE	ALLOCATION	SUPPORT		***	***	***	***	
A	B	C	D	E=C*D	G=F					
San Carlos / Peridot	[REDACTED]							[REDACTED]		
	[REDACTED]							[REDACTED]		
	[REDACTED]							[REDACTED]		
	[REDACTED]	[REDACTED]								
	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]					
NOTES	TOTALS	[REDACTED]		[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]			

SCATUI NETWORK IMPROVEMENT PROJECTS 2017

		REGULATED		AMOUNT	AMOUNT OF USF	SQUARE	TOTAL	TARGET	ACTUAL	
		COST	%	IN USF	USED FOR VOICE /	AREA	POP.	FINISH	Finish	
EXCHANGE / WIRE CENTER	DESCRIPTION of IMPROVEMENT	ESTIMATE	ALLOCATION	SUPPORT	BROADBAND BUILDOUT	IMPACTED	IMPACTED	DATE	DATE	Notes
A	B	C	D	E=C*D	G=F	***	***	***	***	
San Carlos / Peridot										
	TOTALS									

NOTES

SCATUI NETWORK IMPROVEMENT PROJECTS 2018

		REGULATED		AMOUNT	AMOUNT OF USF	SQUARE	TOTAL	TARGET	ACTUAL	
		COST	%	IN USF	USED FOR VOICE /	AREA	POP.	FINISH	Finish	
EXCHANGE / WIRE CENTER	DESCRIPTION of IMPROVEMENT	ESTIMATE	ALLOCATION	SUPPORT	BROADBAND BUILDOUT	IMPACTED	IMPACTED	DATE	DATE	Notes
A	B	C	D	E=C*D	G=F	***	***	***	***	
San Carlos / Peridot										
	TOTALS									

NOTES

SCATUI NETWORK IMPROVEMENT PROJECTS 2019

EXCHANGE / WIRE CENTER	DESCRIPTION of IMPROVEMENT	COST	REGULATED %	AMOUNT IN USF	AMOUNT OF USF USED FOR VOICE /	SQUARE AREA	TOTAL POP.	TARGET FINISH	ACTUAL Finish	Notes
		ESTIMATE	ALLOCATION	SUPPORT	BROADBAND BUILDOUT	IMPACTED	IMPACTED	DATE	DATE	
A	B	C	D	E=C*D	G=F	***	***	***	***	
San Carlos / Peridot	[REDACTED]							[REDACTED]		
	[REDACTED]							[REDACTED]		
	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]					
	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]					
	TOTALS	[REDACTED]		[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]			

NOTES

LINE 310 – UNFULFILLED SERVICE REQUESTS (VOICE)

In 2013, San Carlos Apache Telecommunications Utility, Inc. ("the Company") had 11 unfulfilled requests for voice service. All 11 requests are in a new residential subdivision where there is no in-ground infrastructure. The Company will serve this new subdivision through a fiber-to-the-home project funded by an existing American Recovery and Reinvestment Act grant. However, to do this, the Company had to submit a revision to its plans for the grant funding so that funds could be reallocated for this new project. The Company expects to have service to these residences by the end of 2014.

LINE 330 – UNFULFILLED SERVICE REQUESTS (BROADBAND)

In 2013, San Carlos Apache Telecommunications Utility, Inc. ("the Company") had seven unfulfilled requests for broadband service. All seven requests are in a new residential subdivision where there is no in-ground infrastructure. The Company will serve this new subdivision through a fiber-to-the-home project funded by an existing American Recovery and Reinvestment Act grant. However, to do this, the Company had to submit a revision to its plans for the grant funding so that funds could be reallocated for this new project. The Company expects to have service to these residences by the end of 2014.

LINE 510 – SERVICE QUALITY STANDARDS AND CONSUMER PROTECTION RULES COMPLIANCE

San Carlos Apache Telecommunications Utility, Inc. ("the Company") complies with applicable service quality standards and consumer protection rules for its voice and broadband services.

The Company is owned by the San Carlos Apache Tribe. It is therefore reasonable that the Company operates under service quality standards and consumer protection rules that are in the best interest of its customers, who are mostly members of the Tribe.

The rates, terms and conditions under which the Company operates are outlined in its local exchange tariff. The tariff was modeled after the tariffs of state-regulated rural incumbent local exchange carriers, although the Company itself is not regulated by the Arizona Corporation Commission. The Company modifies its tariff from time to time with approval of, or at the request of the Tribal Council. The Company's tariff contains provisions regarding its customer service and protection practices.

Service quality standards are established by the Company Board of Directors with a Tribal Council liaison sitting on the Board. Monthly reports on service quality compliance are provided to the Board, with periodic updates to the Tribal Council.

With regard to broadband service, the Company provisions its network and equipment to ensure that its customers can enjoy the speeds to which they subscribe. However, Internet speeds generally result from a "best effort" service and are dependent upon a number of variables, many of which are outside the control of the Company.

The Company also complies with the following consumer best practices: (1) the Company discloses its rates and terms of service to customers; (2) the Company provides specific disclosures in its advertising; (3) the Company separately identifies carrier charges from taxes on its billing statements; (4) the Company provides ready access to customer service; (5) the Company promptly responds to consumer inquiries and complaints received from government agencies; and (6) the Company abides by policies for protection of consumer privacy.

Finally, the Company has a policy and established operating procedures that comply with the FCC's Customer Proprietary Network Information (CPNI) rules (47 C.F.R. §§64.2001-64.2011). Certification of the Company's compliance with CPNI rules and a description of the Company's operating procedures that ensure compliance are filed annually with the FCC.

LINE 610 - FUNCTIONALITY IN EMERGENCY SITUATIONS

San Carlos Apache Telecommunications Utility, Inc. ("the Company") is able to function in emergency situations for both voice and broadband service. The Company has a reasonable amount of back-up power to ensure functionality without an external power source. Standby power generators are supplied at the central office, remote switch sites, and repeater sites to ensure functionality without an external power source until power is restored, so long as fuel is available. The network is capable of managing traffic spikes resulting from emergency situations.

The Company is able to reroute traffic around damaged facilities. Although the Company's ability to reroute traffic around damaged facilities is not absolute and may be limited in certain circumstances, there is a restoration plan in place for expeditious recovery of service, including splicing of damaged facilities when warranted.

The Company has three Sonet fiber rings that increase the survivability of its network. The rings allow the Company to maintain service to its remote electronic sites in the event of a fiber outage, making the Company's network efficient, economical, and reliable.



San Carlos Apache Telecommunications Utility, Inc.

LINE 920 – TRIBAL GOVERNMENT ENGAGEMENT OBLIGATION

San Carlos Apache Telecommunications Utility, Inc. (“SCATUI” or “the Company”) is a tribally owned company and as such, engagement with the San Carlos Apache Tribe (“SCAT” or “the Tribe”) and the Tribal Council are essential to the Company’s operation. SCATUI’s General Manager along with the President or other member of its Board of Directors meet with the San Carlos Apache Tribal Council and other SCAT representatives on a quarterly basis. During those meetings, the Company provides progress reports on its various communications and broadband plans, and engages in conversations regarding any modifications needed to meet the needs of the Tribe. Presently, four members of the Tribal Council sit on SCATUI’s Board of Directors, with each member representing one of the four districts of the reservation.

SCATUI’s General Manager and management team also participate in SCAT’s annual Special Council meeting. During the annual meeting, SCATUI presents its year-end accomplishments, financial information, and future goals and projects for the coming year.

Needs Assessment and Deployment Planning with a Focus on Tribal Community Anchor Institutions

Since SCATUI’s inception, discussions between the Company and the Tribe regarding needs assessment and deployment planning have been integral to the growth in its customer base on the reservation from approximately 600 in 1998 to over 2,700 in 2014. Ongoing discussions and planning result in the deployment of new services to existing customers as well as the extension of telecommunications and broadband services to new anchor institutions and housing developments on the reservation. This includes a new hospital and a proposed new school which is planned to open in the fall of 2014.

In addition, funding from the American Recovery and Reinvestment Act has made fiber-to-the-home deployment possible in a new housing development and will also fund fiber build out to other housing communities presently served via copper.

Feasibility and Sustainability Planning

At least every five years the Tribe develops a comprehensive economic development strategy and SCATUI is an active participant in the planning process. The next strategic plan is scheduled for publication in 2014.

Marketing in a Culturally Sensitive Manner

Marketing is done in a culturally sensitive manner. SCATUI participates in community meetings where it presents information on its services to the public, including its Lifeline program offerings. The presentations are provided in the Apache language for those residents who only speak Apache. Other services have been customized to meet the needs of the public such as voice mail verbal instructions offered in the Apache language. The majority of the Company’s employees are members of the SCAT, understand the

community's needs, and are sensitive to the cultural differences of its customers. SCATUI collaborates with the Tribal Language Preservation program by placing "Apache Word of the Week" ads on its local advertising channel. Local businesses also offer auto-attendant call recordings in the Apache language for Apache speaking customers.

Compliance with Rights of Way Processes, Land Use Permitting Requirements, Facilities Sitting Rules, Environmental Review Processes, and Cultural Preservation Review Processes

During the quarterly meetings and ongoing as necessary, SCATUI engages with the Tribal Council and respective Tribal departments regarding right-of-way processes, land use permitting requirements, facilities sitting rules, environmental review processes, and cultural preservation review processes specific to each of the Company's projects.

Compliance with Tribal Business and Licensing Requirements

SCATUI complies with all Tribal business and licensing requirements. The Company is required to obtain a Tribal Privilege License. It must also apply annually for a Tribal Business License as well as a Land Lease agreement.

LINE 1010 – VOICE SERVICES RATE COMPARABILITY

The Wireline Competition Bureau's most recent reasonable comparability benchmark for voice services is \$46.96, which includes the federal subscriber line charge ("SLC").¹

In all of the exchanges served by San Carlos Apache Telecommunications Utility, Inc. ("the Company"), the single-line residential local rate is \$15.00. When the federal SLC (\$6.50) is included, the rate becomes \$21.50. Therefore, the Company's pricing of fixed voice services is less than the reasonable comparability benchmark of \$46.96.

¹ *Wireline Competition Bureau Announces Results of Urban Rate Survey for Voice Services; Seeks Comment on Petition for Extension of Time to Comply With New Rate Floor*, WC Docket No. 10-90, DA 14-384 (rel. Mar. 20, 2014), p. 2.

LINE 1210 – TERMS & CONDITIONS OF VOICE TELEPHONY LIFELINE PLANS

All of the exchanges served by San Carlos Apache Telecommunications Utility, Inc. (“the Company”) are Tribal lands. In all of the Company’s exchanges, residential customers who qualify for the Lifeline Program receive a discount of \$21.50 on local voice telephony service.

In all of the Company’s exchanges, the Lifeline single-line residential rate, including the federal SLC, is \$0.00 (\$21.50 standard rate - \$21.50 discount).

All single-line residential customers, including Lifeline customers, have an unlimited number of minutes for calls made within their local calling area.

Toll charges for calls outside of the local calling area are determined by the long distance carrier of the customer’s choosing. Lifeline customers may elect to subscribe to toll blocking at no charge.

The Company does not disconnect the service of Lifeline subscribers for the non-payment of toll charges. However, the Company reserves the right to implement toll blocking, at no charge, if the customer incurs a significant balance of unpaid toll bills.

The Company offers bundled services to Lifeline customers that are discounted by \$21.50 for the voice component of the bundle.

Lifeline Program reductions do not apply to additional services such as custom calling features. Lifeline customers may subscribe to these services at the same rates offered to other customers.

Additional information regarding the terms and conditions of voice telephony Lifeline plans can be found at <http://scatui.com/telephone/e-lifelinee-linkup/>.

March 18, 2014

Mrs. Shirley Ortiz, Manager
San Carlos Apache Telecommunications Utility, Inc.
P. O. Box 1000
Peridot, AZ 85542-1000

Dear Shirley:

Enclosed is the 2013 Unaudited Operating Report for Telecommunications Borrowers you submitted to the RUS. Also enclosed is our compilation letter for the financial statements used to prepare this report.

Please let us know if you have any questions.

Sincerely,

CURTIS BLAKELY & CO., P.C.



Blake Lackey, CPA

BL/na
Enclosures

Pursuant to IRS Circular 230 and IRS regulations we inform you that any U.S. federal tax advice contained in this communication (including any attachments) is not intended or written to be used, and cannot be used by the recipient or any other taxpayer (i) for the purpose of avoiding tax related penalties imposed on the recipient or any other taxpayer under the Internal Revenue Code, or (ii) in promoting, marketing or recommending to another party any partnership or other entity, investment plan, arrangement or other transaction addressed herein.

F:\2013\CBANDCO\Form 479\SCATUI 479 Unaudited Cover.doc

March 18, 2014

To the Board of Directors
San Carlos Apache Telecommunications Utility, Inc.
Peridot, AZ

Gentlemen:

We have compiled the accompanying balance sheet of San Carlos Apache Telecommunications Utility, Inc. as of December 31, 2013, and the related statements of income, cash flows and retained earnings for the year then ended, included in the accompanying prescribed form, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

Our compilation was limited to presenting in the form prescribed by the Rural Utilities Service (RUS) information that is the representation of management. We have not audited or reviewed the financial statements referred to above and, accordingly, do not express an opinion or any other form of assurance on them.

These financial statements are presented in accordance with the requirements of the RUS, which differ from generally accepted accounting principles. Accordingly, these financial statements are not designed for those who are not informed about such differences.

Curtis Blakely & Co., P.C.

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0031. The time required to complete this information collection is estimated to average 4 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

USDA-RUS OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS		<i>This data will be used by RUS to review your financial situation. Your response is required by 7 U.S.C. 901 et seq. and, subject to federal laws and regulations regarding confidential information, will be treated as confidential.</i> BORROWER NAME San Carlos Apache Telecommunications Utility, Inc.	
INSTRUCTIONS -Submit report to RUS within 30 days after close of the period. For detailed instructions, see RUS Bulletin 1744-2. Report in whole dollars only.		PERIOD ENDING December, 2013	BORROWER DESIGNATION AZ0512
CERTIFICATION We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief. ALL INSURANCE REQUIRED BY 7 CFR PART 1788, CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES. DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1788 OF 7CFR CHAPTER XVII <i>(Check one of the following)</i>			
<div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <input checked="" type="checkbox"/> All of the obligations under the RUS loan documents have been fulfilled in all material respects. </div> <div style="width: 45%;"> <input type="checkbox"/> There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in the Telecom Operating Report </div> </div>			
Shirley Ortiz		3/15/2014 DATE	

PART A. BALANCE SHEET					
ASSETS	BALANCE PRIOR YEAR	BALANCE END OF PERIOD	LIABILITIES AND STOCKHOLDERS' EQUITY	BALANCE PRIOR YEAR	BALANCE END OF PERIOD
CURRENT ASSETS			CURRENT LIABILITIES		
1. Cash and Equivalents			25. Accounts Payable		
2. Cash-RUS Construction Fund			26. Notes Payable		
3. Affiliates:			27. Advance Billings and Payments		
a. Telecom, Accounts Receivable			28. Customer Deposits		
b. Other Accounts Receivable			29. Current Mat. L/T Debt		
c. Notes Receivable			30. Current Mat. L/T Debt-Rur. Dev.		
4. Non-Affiliates:			31. Current Mat.-Capital Leases		
a. Telecom, Accounts Receivable			32. Income Taxes Accrued		
b. Other Accounts Receivable			33. Other Taxes Accrued		
c. Notes Receivable			34. Other Current Liabilities		
5. Interest and Dividends Receivable			35. Total Current Liabilities (25 thru 34)		
6. Material-Regulated			LONG-TERM DEBT		
7. Material-Nonregulated			36. Funded Debt-RUS Notes		
8. Prepayments			37. Funded Debt-RTB Notes		
9. Other Current Assets			38. Funded Debt-FFB Notes		
10. Total Current Assets (1 Thru 9)			39. Funded Debt-Other		
NONCURRENT ASSETS			40. Funded Debt-Rural Develop. Loan		
11. Investment in Affiliated Companies			41. Premium (Discount) on L/T Debt		
a. Rural Development			42. Reacquired Debt		
b. Nonrural Development			43. Obligations Under Capital Lease		
12. Other Investments			44. Adv. From Affiliated Companies		
a. Rural Development			45. Other Long-Term Debt		
b. Nonrural Development			46. Total Long-Term Debt (36 thru 45)		
13. Nonregulated Investments			OTHER LIAB. & DEF. CREDITS		
14. Other Noncurrent Assets			47. Other Long-Term Liabilities		
15. Deferred Charges			48. Other Deferred Credits		
16. Jurisdictional Differences			49. Other Jurisdictional Differences		
17. Total Noncurrent Assets (11 thru 16)			50. Total Other Liabilities and Deferred Credits (47 thru 49)		
PLANT, PROPERTY, AND EQUIPMENT			EQUITY		
18. Telecom, Plant-in-Service			51. Cap. Stock Outstand. & Subscribed		
19. Property Held for Future Use			52. Additional Paid-in-Capital		
20. Plant Under Construction			53. Treasury Stock		
21. Plant Adj., Nonop. Plant & Goodwill			54. Membership and Cap. Certificates		
22. Less Accumulated Depreciation			55. Other Capital		
23. Net Plant (18 thru 21 less 22)			56. Patronage Capital Credits		
24. TOTAL ASSETS (10+17+23)			57. Retained Earnings or Margins		
			58. Total Equity (51 thru 57)		
			59. TOTAL LIABILITIES AND EQUITY (35+46+50+58)		

Total Equity = 10.98% of Total Assets

USDA-RUS OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS		BORROWER DESIGNATION AZ0512	
INSTRUCTIONS- See RUS Bulletin 1744-2		PERIOD ENDING December, 2013	
PART B. STATEMENTS OF INCOME AND RETAINED EARNINGS OR MARGINS			
ITEM		PRIOR YEAR	THIS YEAR
1. Local Network Services Revenues			
2. Network Access Services Revenues			
3. Long Distance Network Services Revenues			
4. Carrier Billing and Collection Revenues			
5. Miscellaneous Revenues			
6. Uncollectible Revenues			
7. Net Operating Revenues (1 thru 5 less 6)			
8. Plant Specific Operations Expense			
9. Plant Nonspecific Operations Expense (Excluding Depreciation & Amortization)			
10. Depreciation Expense			
11. Amortization Expense			
12. Customer Operations Expense			
13. Corporate Operations Expense			
14. Total Operating Expenses (8 thru 13)			
15. Operating Income or Margins (7 less 14)			
16. Other Operating Income and Expenses			
17. State and Local Taxes			
18. Federal Income Taxes			
19. Other Taxes			
20. Total Operating Taxes (17+18+19)			
21. Net Operating Income or Margins (15+16-20)			
22. Interest on Funded Debt			
23. Interest Expense - Capital Leases			
24. Other Interest Expense			
25. Allowance for Funds Used During Construction			
26. Total Fixed Charges (22+23+24-25)			
27. Nonoperating Net Income			
28. Extraordinary Items			
29. Jurisdictional Differences			
30. Nonregulated Net Income			
31. Total Net Income or Margins (21+27+28+29+30-26)			
32. Total Taxes Based on Income			
33. Retained Earnings or Margins Beginning-of-Year			
34. Miscellaneous Credits Year-to-Date			
35. Dividends Declared (Common)			
36. Dividends Declared (Preferred)			
37. Other Debits Year-to-Date			
38. Transfers to Patronage Capital			
39. Retained Earnings or Margins End-of-Period [(31+33+34) - (35+36+37+38)]			
40. Patronage Capital Beginning-of-Year			
41. Transfers to Patronage Capital			
42. Patronage Capital Credits Retired			
43. Patronage Capital End-of-Year (40+41-42)			
44. Annual Debt Service Payments			
45. Cash Ratio [(14+20-10-11) / 7]			
46. Operating Accrual Ratio [(14+20+26) / 7]			
47. TIER [(31+26) / 26]			
48. DSCR [(31+26+10+11) / 44]			

USDA-RUS OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS INSTRUCTIONS - See RUS Bulletin 1744-2						BORROWER DESIGNATION AZ0512 PERIOD ENDED December, 2013	
Part C. SUBSCRIBER (ACCESS LINE), ROUTE MILE, & HIGH SPEED DATA INFORMATION							
	1. RATES		2. SUBSCRIBERS (ACCESS LINES)			3. ROUTE MILES	
EXCHANGE	B-1	R-1	BUSINESS	RESIDENTIAL	TOTAL	TOTAL (including fiber)	FIBER
	(a)	(b)	(a)	(b)	(c)	(a)	(b)
San Carlos							
MobileWireless							
Route Mileage Outside Exchange Area							
Total							
No. Exchanges							

<p>USDA-RUS</p> <p>OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</p> <p>INSTRUCTIONS - See RUS Bulletin 1744-2</p>							<p>BORROWER DESIGNATION AZ0512</p> <p>PERIOD ENDED December, 2013</p>	
<p>Part C. SUBSCRIBER (ACCESS LINE), ROUTE MILE, & HIGH SPEED DATA INFORMATION</p>								
<p>4. BROADBAND SERVICE</p>								
<p>Details on Least Expensive Broadband Service</p>								
EXCHANGE	No. Access Lines with BB available (a)	No Of Broadband Subscribers (b)	Number Of Subscribers (c)	Advertised Download Rate (Kbps) (d)	Advertised Upload Rate (Kbps) (e)	Price Per Month (f)	Standalone/Pckg (f)	Type Of Technology (g)
San Carlos							StandAlone	DSL
Total								

USDA-RUS OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS			BORROWER DESIGNATION <div style="background-color: black; width: 100px; height: 20px; margin: 5px 0;"></div> PERIOD ENDING December, 2013								
INSTRUCTIONS- See RUS Bulletin 1744-2											
PART D. SYSTEM DATA											
1. No. Plant Employees	2. No. Other Employees	3. Square Miles Served	4. Access Lines per Square Mile	5. Subscribers per Route Mile							
PART E. TOLL DATA											
1. Study Area ID Code(s) a. 452169 b. _____ c. _____ d. _____ e. _____ f. _____ g. _____ h. _____ i. _____ j. _____		2. Types of Toll Settlements (Check one) <table style="width: 100%; border: none;"> <tr> <td style="width: 40%;">Interstate:</td> <td style="width: 20%;"><input type="checkbox"/> Average Schedule</td> <td style="width: 40%;"><input checked="" type="checkbox"/> Cost Basis</td> </tr> <tr> <td>Intrastate:</td> <td><input type="checkbox"/> Average Schedule</td> <td><input checked="" type="checkbox"/> Cost Basis</td> </tr> </table>				Interstate:	<input type="checkbox"/> Average Schedule	<input checked="" type="checkbox"/> Cost Basis	Intrastate:	<input type="checkbox"/> Average Schedule	<input checked="" type="checkbox"/> Cost Basis
Interstate:	<input type="checkbox"/> Average Schedule	<input checked="" type="checkbox"/> Cost Basis									
Intrastate:	<input type="checkbox"/> Average Schedule	<input checked="" type="checkbox"/> Cost Basis									
PART F. FUNDS INVESTED IN PLANT DURING YEAR											
1. RUS, RTB, & FFB Loan Funds Expended											
2. Other Long-Term Loan Funds Expended											
3. Funds Expended Under RUS Interim Approval											
4. Other Short-Term Loan Funds Expended											
5. General Funds Expended (Other than Interim)											
6. Salvaged Materials											
7. Contribution in Aid to Construction											
8. Gross Additions to Telecom. Plant (1 thru 7)											
PART G. INVESTMENTS IN AFFILIATED COMPANIES											
INVESTMENTS (a)	CURRENT YEAR DATA		CUMULATIVE DATA								
	Investment This Year (b)	Income/Loss This Year (c)	Cumulative Investment To Date (d)	Cumulative Income/Loss To Date (e)	Current Balance (f)						
1. Investment in Affiliated Companies - Rural Development											
2. Investment in Affiliated Companies - Nonrural Development											

USDA-RUS OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	BORROWER DESIGNATION AZ0512
	PERIOD ENDING December, 2013

PART H. CURRENT DEPRECIATION RATES

Are corporation's depreciation rates approved by the regulatory authority with jurisdiction over the provision of telephone services? (Check one)

☒ YES ☐ NO

EQUIPMENT CATEGORY	DEPRECIATION RATE
1. Land and support assets - Motor Vehicles	
2. Land and support assets - Aircraft	
3. Land and support assets - Special purpose vehicles	
4. Land and support assets - Garage and other work equipment	
5. Land and support assets - Buildings	
6. Land and support assets - Furniture and Office equipment	
7. Land and support assets - General purpose computers	
8. Central Office Switching - Digital	
9. Central Office Switching - Analog & Electro-mechanical	
10. Central Office Switching - Operator Systems	
11. Central Office Transmission - Radio Systems	
12. Central Office Transmission - Circuit equipment	
13. Information origination/termination - Station apparatus	
14. Information origination/termination - Customer premises wiring	
15. Information origination/termination - Large private branch exchanges	
16. Information origination/termination - Public telephone terminal equipment	
17. Information origination/termination - Other terminal equipment	
18. Cable and wire facilities - Poles	
19. Cable and wire facilities - Aerial cable - Metal	
20. Cable and wire facilities - Aerial cable - Fiber	
21. Cable and wire facilities - Underground cable - Metal	
22. Cable and wire facilities - Underground cable - Fiber	
23. Cable and wire facilities - Buried cable - Metal	
24. Cable and wire facilities - Buried cable - Fiber	
25. Cable and wire facilities - Conduit systems	
26. Cable and wire facilities - Other	

USDA-RUS		BORROWER DESIGNATION AZ0512	
OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS		PERIOD ENDED December, 2013	
INSTRUCTIONS – See help in the online application.			
PART I – STATEMENT OF CASH FLOWS			
1. Beginning Cash (Cash and Equivalents plus RUS Construction Fund)			
CASH FLOWS FROM OPERATING ACTIVITIES			
2. Net Income			
<i>Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities</i>			
3. Add: Depreciation			
4. Add: Amortization			
5. Other (Explain)			
<i>Changes in Operating Assets and Liabilities</i>			
6. Decrease/(Increase) in Accounts Receivable			
7. Decrease/(Increase) in Materials and Inventory			
8. Decrease/(Increase) in Prepayments and Deferred Charges			
9. Decrease/(Increase) in Other Current Assets			
10. Increase/(Decrease) in Accounts Payable			
11. Increase/(Decrease) in Advance Billings & Payments			
12. Increase/(Decrease) in Other Current Liabilities			
13. Net Cash Provided/(Used) by Operations			
CASH FLOWS FROM FINANCING ACTIVITIES			
14. Decrease/(Increase) in Notes Receivable			
15. Increase/(Decrease) in Notes Payable			
16. Increase/(Decrease) in Customer Deposits			
17. Net Increase/(Decrease) in Long Term Debt (Including Current Maturities)			
18. Increase/(Decrease) in Other Liabilities & Deferred Credits			
19. Increase/(Decrease) in Capital Stock, Paid-in Capital, Membership and Capital Certificates & Other Capital			
20. Less: Payment of Dividends			
21. Less: Patronage Capital Credits Retired			
22. Other (Explain)			
23. Net Cash Provided/(Used) by Financing Activities			
CASH FLOWS FROM INVESTING ACTIVITIES			
24. Net Capital Expenditures (Property, Plant & Equipment)			
25. Other Long-Term Investments			
26. Other Noncurrent Assets & Jurisdictional Differences			
27. Other (Explain) Reconciling Adjustments Including Plant Retirements			
28. Net Cash Provided/(Used) by Investing Activities			
29. Net Increase/(Decrease) in Cash			
30. Ending Cash			

Revision Date 2010

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<p>INSTRUCTIONS - See RUS Bulletin 1744-2</p>	<p>PERIOD ENDED</p> <p>December, 2013</p>
<p>NOTES TO THE OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</p>	
<p></p>	

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<p>CERTIFICATION LOAN DEFAULT NOTES TO THE OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</p>	
<p></p>	